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STATE FOR EEB/ESC - CBACKEMEYER, NEA/IR - RWADHWANI

SENSITIVE, SIPDIS

E.O. 12958: N/A

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SUBJECT: Statoil's Investment in Iranian Oil and Gas

REF: (A) STATE 121808 (B) 11/25/09 Hammang Email  
(C) OSLO 741 (D) 12/4/09 Sirotic/Backemeyer Email

(U) This document is sensitive but unclassified. Please protect accordingly.

¶1. (SBU) In a December 3 meeting with Oslo-based Statoil executives Gunnar Myrvang and Gunnar Heiberg, Poleconoff delivered ref A points, stressing USG concerns on investment in Iran's energy industry and requesting information on specific Statoil activities in Iran described ref B. This cable is in addition to the interim response sent earlier this week (ref C), which reported post's demarche to government of Norway officials and our telephone conversations with Statoil.

¶2. (SBU) Myrvang stated that Statoil has pursued a policy of disclosure ("no surprises") with respect to the USG on its activities in Iran, including provision of regular briefings. Last year, Statoil's CEO committed to fulfilling existing contracts in Iran, while refraining from undertaking any new projects. The company is downsizing operations in Iran, both in terms of local staff and expatriates. He provided the following information on specific projects (see also Statoil's powerpoint presentation on the subject, which the Embassy shared with the Department in ref D):

--South Pars 6, 7, 8: Statoil representatives said this was the company's only substantial activity in Iran. Statoil has a 37 percent share of the development phase of this gas project, structured as a buyback contract. Phases 8 and 6 started producing gas in August and December 2008, respectively, while Phase 7 is not slated to begin production until the third quarter of 2010. Statoil's involvement will cease once it has recouped its costs through technical service agreements, which involve providing staff to support gas production. These will initially last one year, renewable for up to two additional years, with activity projected to wind up by 212.

--Anaran Exploration Block: Myrvang told u that Statoil's discussions on this project effectively ended in 2008 when its CEO committed to refrain from new projects in Iran.

--Khoramabad Exploration Block: Statoil has an exploration contract with the National Iranian Oil Company. It has gathered seismic data but has no plans to do any drilling, according to Myrvang. However, Statoil's minimum work program calls for it to carry out USD 50 million of work over four years. Myrvang told us Statoil did not intend to do further work on this contract.

¶3. (SBU) Heiberg and Myrvang asked Poleconoff to keep them posted on the progress of the Department's review, and also asked which other companies were subject to review. Heiberg commented that if Western oil companies uniformly pulled out of Iran, other firms, especially those based in China, would likely take their place.

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